

## FISCAL NOTE

### SB 993 - HB 1119

February 18, 2005

**SUMMARY OF BILL:** Provides that property owned by another state or its political subdivisions that is used for public purposes will be exempt from property taxation if the other state provides a comparable exemption for property owned by the State of Tennessee or any of its political subdivisions.

#### ESTIMATED FISCAL IMPACT:

**Other Fiscal Impact – To the extent that the State of Tennessee or any local government in Tennessee owns property in another state that would become exempt from taxation under a reciprocity statute, the state or local governments would experience a decrease in expenditures. To the extent that other state governments or their political subdivisions own property in Tennessee, there would be a decrease in property tax revenue to the local government in Tennessee in which the property is located. Although the aggregate impact to state and local governments in Tennessee would be neutral, some local governments may experience a decrease in revenue without any offsetting reduction in expenditures because such local governments do not own property in another state that would benefit from a reciprocity statute. Likewise, some local governments may experience a decrease in expenditures without any offsetting decrease in revenue because such local governments own property in another state that would benefit from a reciprocity statute, but no other state or local government of that state owns property in that local government's jurisdiction. The impact to individual local governments in Tennessee cannot be readily determined but may shift revenues received or expenditures incurred by various local governments in an amount that exceeds \$100,000. The State of Tennessee would experience a decrease in expenditures to the extent that it owns property in another state that would benefit from a reciprocity statute. The amount of such decrease, if any, cannot readily be determined.**

Assumption:

- The exemption would be available only if the State of Tennessee and its political subdivisions received a comparable tax benefit in another state.

#### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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